

## **Regarding proposed changes to small business rules**

**Dear Commissioners,**

This note is in response to the proposed changes that I believe would adversely affect my business livelihood. It is my opinion that while the goal of the commission to make sure people have the ability to get the right information it is my experience that Quixtar has given our prospective business associates a simple option if they decide that they want to change their mind and get their money back after changing their mind.

My wife and I got involved in the Amway business in 1988, at that time as is the case now, Amway at the time and Quixtar now gave me the opportunity to own my own business, associate with success-minded business owners and provide a systemic approach to changing the course of my financial direction. When I signed up, I was given a document with all the caveats and was required to acknowledge that I understood the options and the failure and success possibilities. That hasn't changed over time, today, when we sign up a new prospect that prospect is required to review and acknowledge that they have seen and understood the way money is made in our program and that while some succeed, some do not. They also understand that this business is not get rich quick and that it takes effort. They understand this because we repeatedly tell them this during the initial sitdown and subsequent sessions with them.

The signup of a new IBO (indep. Bus. Owner) costs around \$150 or so, some of that is literature and signup/registration fees and some of that is an optional sample pack of products. In the end, if someone changes their mind and doesn't want to pursue the business they can get all of the signup money back and any of the products that they would like to return can be returned for their money back. In fact, in our business as in most businesses we offer to buy back everything that they spent so that they are 100% satisfied. Low entry fee and the ability to recoup even that small investment creates a safe environment for them to get involved in the program of entrepreneurship/business ownership and what the country is founded on free enterprise.

As for the proposal on the table, the requirement of a 7-day waiting period creates a situation that would limit significantly the ability for someone to get a fast start in our business. The backbone of our business program is people helping people. Typically, if we have someone that has gotten registered the most important thing for us to do for them would be to invest our time effort and resources into getting someone registered for them as soon as possible. Human nature is such that this creates a success environment for them, it shows them that the business can work for them with no strings attached. If there were a 7 day wait period to sign up the amount of time that it would take to make a profit would be greatly extended since you can't make money until product moves, we don't make money just for signing people up, and product can't move until signup occurs. This seemingly would defeat the purpose that the FTC would stand for in the first place – i.e. I would think that the FTC would support allowing people to make money sooner than later by allowing signups and products to move as soon as possible.

This limitation if taken to another context would be similar to me opening a shoe store and the FTC only allowing me to have a customer come in and buy after they have waited for 7 days to come in the store.

On the requirement to provide local references, with all the activity with our business the most successful business owners would simply be swamped with "reference" calls, I can't really see how this is any different from the way we do our business today. For example, when I sit down to show someone our opportunity, the next step for them prior to registering is to attend a workshop that would allow them to meet any number of other IBOs from many different backgrounds,

success levels, etc. In effect, we're already doing what you propose without the associated overhead of providing lists and expecting those IBOs on that list to field numerous calls.

As to the requirement to provide a "Litigation List", I'm not sure that the clarity is there regarding who the seller is referring to. Does that mean the company (Quixtar), any and all IBOs? At the IBO level, I can't imagine that this would be a fair representation. If the IBO would only be required to report on themselves and their past related to this business that would be fine. It would not seem to be fair to the individual to have to maintain a list of litigation(s) over a broad base of individuals and companies that they wouldn't have had any influence over. There isn't any delineation as to whether or not the litigation was successful or malicious or without merit.

With regards to the requirement for specific earnings disclosures, we currently require all prospects to review the SA4400 that describes the methodology by which IBOs make money in the Quixtar program. It is standard practice (our practice is from the belief that the FTC requires this practice) that any income statements are in-line with that SA4400 document. In other words, the numbers that are in that document are the numbers that are discussed with any and all prospects. I don't believe additional documentation should be required in this case.

On the requirement for financial substantiation, we do not as a rule provide prospects information about our personal income from the business except that we would make a copy of a check that we personally received (i.e. no copies of other IBOs checks). Any references to income claims are typically referenced to the approved SA4400 document.

In general, while the intent to make sure prospects get to have the most information possible is admirable, we believe that our business is already doing that very adequately. As in all cases of business, more overhead, more reporting, more stringent guidelines throttle business and make it less productive and less profitable. I would hope that the FTC's goal to provide small in-home business opportunity would supercede the need to over regulate our industry.

Regards,

Charles Sult